No. 11,853

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

ARIZONA BARITE COMPANY
(a corporation),
Appellant,

vs.

WESTERN-KNAPP ENGINEERING CO.
(a corporation),
Appellee.

APPELLANT'S OPENING BRIEF.

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APPELLANT'S OPENING BRIEF.

STATEMENT OF JURISDICTION.

Arizona Barite Company, appellant, is a corporation duly organized and existing under and by virtue of the laws of the State of Arizona (Tr. 2); Western-Knapp Engineering Co., appellee, is a corporation duly organized and existing under the laws of the State of California, and is a resident citizen domiciled in California (Tr. 2).

The amount involved in the litigation is in excess of $3000.00, and is in the amount of $14,566.98, exclusive of interest and costs (Tr. 12).

This action was commenced on the 28th day of April, 1947, in the Superior Court of Maricopa

County, Arizona (Tr. 12). Appellee caused it to be removed from said Court to the United States District Court for the District of Arizona (Tr. 15).

The jurisdiction of the United States District Court for the District of Arizona was invoked under Judicial Code, Section 24, Amended (28 U.S.C.A. 41), upon removal under Judicial Code, Section 28, Amended (28 U.S.C.A. 71), and the jurisdiction of this Court is invoked under Judicial Code, Section 128, Amended (28 U.S.C.A. 225).

STATEMENT OF PLEADINGS.

Appellant, Arizona Barite Company, on April 28, 1947, commenced this action against Western-Knapp Engineering Co., a corporation, appellee, by filing its complaint in the Superior Court of Maricopa County, Arizona, to recover damages for breach of contract, covenants and warranties,—$6355.28, the cost to appellant of redesigning, reconstruction of, and making necessary repairs to a Lowden Dryer; to recover the further sum of $1275.00, the amount of overhead, other labor and maintenance expense incurred and paid by appellant; and to recover the additional sum of $6936.70, the amount of lost profits, and to recover interest on each of said amounts from the date of the filing of the complaint, and for costs of the action (Tr. 2-12).

Summons was issued on the 28th day of April, 1947 (Tr. 13-14), and after service (Tr. 14), the cause was

removed from said Superior Court of Maricopa County, Arizona, to the United States District Court for the District of Arizona (Tr. 15-17).

Appellee on June 24, 1947, filed its motion to quash service and return of process, notice of hearing and affidavit in support of motion (Tr. 18-27).

Thereafter and on November 13, 1947, an additional summons was issued (Tr. 28) and after service thereof (Tr. 29) appellee, on December 26, 1947, filed its motion to quash service and return of process (Tr. 30-31).

STATEMENT OF THE CASE.

Appellant is a corporation organized under the laws of the State of Arizona (Tr. 2). Appellee is a corporation organized and existing under the laws of the State of California and is a resident citizen domiciled in California (Tr. 2). Prior to entering into a contract hereinafter described, on August 9, 1945, appellee complied with the laws of Arizona entitling it to do business as a foreign corporation in Arizona and appellee was duly licensed and authorized to transact in Arizona as a foreign corporation the business which by said contract it undertook to do. Appellee appointed one J. P. Keller of 1025 South Central Avenue, Phoenix, as its statutory agent in Arizona, upon whom process might be served, and such appointment was a condition precedent to appellee's qualification as a foreign corporation to do business in Arizona (Tr. 2). Prior to the 6th day of May, 1946,

appellant notified appellee that it had a claim against appellee for damages for breach of contract, covenants and warranties, and such claim is the basis of this action (Tr. 3).

On the 6th day of May, 1946, appellee filed an attempted withdrawal from the State of Arizona and an attempted revocation of the agency of its Statutory Agent, J. P. Keller, in derogation of and with knowledge of appellant's claim, and as a design calculated to avoid its obligation to appellant; that such attempted withdrawal by appellee was in contravention of the laws and the Constitution of Arizona, and was ineffectual.

In addition to the foregoing facts, it is alleged in the complaint that on the 9th day of August, 1945, appellant and appellee executed and delivered a contract in writing, by which appellee obligated itself to construct for appellant a 100-ton barite grinding plant. Compliance with the terms of said contract by appellant and the payment of the costs of constructing said barite grinding plant and appellee's fee of $10,406.00 therefor, is alleged. The breach of said contract and its covenants and warranties, and the damage sustained by appellant, is alleged (Tr. 2-12).

Upon the filing of the complaint, and on the 28th day of April, 1947, summons was issued. Since the questions presented by this appeal relate to the sufficiency of the service of process, we quote the material portions of the return of the sheriff of Maricopa County, Arizona, showing how and when summons

was served. Said sheriff certifies that he received the summons on the 29th day of April, 1947, and "personally served the same on the 2d day of May, A. D., 1947, on Western-Knapp Engineering Co., a corporation, being the said defendant named in said Summons, by delivering to J. P. Keller, in person, as Statutory Agent for Western-Knapp Engineering Co., in the County of Maricopa, a copy of said Summons, to which was attached a true copy of the Complaint mentioned in said Summons" (Tr. 14).

Appellee successfully moved to quash service and return of this process (Tr. 27).

From the motion of appellee to quash service and return of process and from the affidavit filed in support of the motion, it appears without conflict that appellee was incorporated under the laws of the State of California; that on the 8th day of August, 1945, appellee qualified with the laws of the State of Arizona entitling it, as a foreign corporation, to transact business in the State of Arizona; that J. P. Keller was named by appellee as its Statutory Agent, upon whom, among other things, process against appellee might be served; that on the 6th day of June, 1946, appellee revoked the appointment of J. P. Keller as its Statutory Agent for the State of Arizona, and that appellee ceased to transact business within the State of Arizona and withdrew therefrom; that from and after June 6, 1946, appellee carried on and transacted no business in Arizona, and had no agent or employee in the State of Arizona; that said J. P. Keller was

never an employee of appellee; that J. P. Keller was not, when process was served upon him, the agent or employee of appellee; that on January 3, 1947, appellee was dissolved pursuant to the laws of the State of California; that authenticated copies of the revocation of the appointment of J. P. Keller as the Statutory Agent in Arizona for appellee, appellee's withdrawal and dissolution, were attached to the mentioned affidavit of J. P. Keller, supporting the motion to quash service and return of process (Tr. 18-27).

Said motion to quash was argued before the Court, as reflected by Minute Entry of October 6, 1947 (Tr. 27). The notation thereof in the civil docket is as follows: "Defendant's Motion to Quash Service and Return of Process having been argued, submitted and by the Court taken under advisement, It Is Ordered that said Motion be and it is granted" (Tr. 27).

After the said disposition of said motion and on the 13th day of November, 1947, an additional summons was issued (Tr. 28) and served upon appellee by the United States Marshal. The marshal's return of service states (Tr. 29): "I hereby certify and return that I served the annexed Additional Summons on the therein-named Western-Knapp Engineering Co., a corporation, by serving two copies of Additional Summons with copy of complaint attached to each, by handing to and leaving a true and correct copy thereof with Mel Michael, Secretary of the Arizona Corporation Commission, at his office in Capitol Annex Building, cor. of No. 17th Av. and West Adams St., at 4:10 p.m. and showing him the original personally at

Phoenix in said District on the 5th day of December, 1947."

Following the service of the additional summons issued November 13, 1947, on the Arizona Corporation Commission on the 5th day of December, 1947, appellee, on December 26, 1947, filed motion to quash service and return of process (Tr. 30-31). This motion to quash service and return of process was heard by the Court on December 29, 1947 (Tr. 32). After argument of the respective counsel, the Court entered its order "that Defendant's Motion to Quash Service and Return of Process be and it is granted, and that Service and Return of Process issued November 13, 1947, be and it is quashed" (Tr. 32). Also, on December 29, 1947, the Court entered its order "that the record show service and return of process issued April 28, 1947, be and it is quashed." (Tr. 32).

From the order granting appellee's motion to quash service and return of process and quashing service and return of process served upon J. P. Keller, as appellee's Statutory Agent, on May 2, 1947, and the order granting appellee's motion to quash service and return of process and quashing service and return of process made upon the Arizona Corporation Commission on the 5th day of December, 1947, appellant, on January 3, 1948, gave its notice of appeal to this Court (Tr. 33-34).

The questions before this Court on this appeal thus arise from the quashing of service and return of process.

Appellant first sought to effect service of process by service upon appellee's Statutory Agent after his appointment had been revoked by appellee, on the theory that the revocation of the appointment of a Statutory Agent could not be made by a foreign corporation to avoid the effective service of process for a cause of action which arose while a foreign corporation was qualified to, and was doing, business in Arizona.

Next, appellant sought to effect service of process by service on the Arizona Corporation Commission upon the theory that a foreign corporation, having complied with the laws of Arizona to do business, would remain subject to process of the Court, just like a domestic corporation would remain subject to process of the Court, after dissolution of the domestic corporation, or when it had no officers or agents within the state upon whom process could be served.

SPECIFICATIONS OF ERRORS RELIED UPON.

The Court erred in the following particulars:

No. 1. In granting the motion of defendant to quash service and return of process, and in quashing service and return of process issued April 28, 1947, and served upon J. P. Keller, as Statutory Agent, on May 2, 1947, for the reason that after dissolution or withdrawal from doing business in a state other than the state of its creation, a corporation retains its corporate identity for purposes of winding up its affairs. Service of process may be made upon the agent who

was such at time of withdrawal from the state, no officer or officers being domiciled within the State from which the corporation withdrew from the transaction of business.

No. 2. In granting the motion of defendant to quash service and return of process, and in quashing service and return of process issued November 13, 1947, and served upon the Arizona Corporation Commission on December 5, 1947, for the reason that servvice of process may be made upon a foreign corporation that has qualified to do business in Arizona after its withdrawal from doing business in Arizona by service upon the Arizona Corporation Commission in an action involving acts of business transacted in the state before withdrawal under the Constitution of Arizona and statutory enactments.

BRIEF OF ARGUMENT.

Appellant argues: (1) that since the Arizona statute requires as a condition precedent to a foreign corporation doing business in Arizona, it shall designate an agent in the state upon whom process may be served in an action against it, the withdrawal of appellee from doing business in Arizona and the revocation of the appointment of appellee's statutory agent does not revoke the authority of its agent to receive service in an action on a liability arising in the state out of business done by appellee in the state; (2) that there are well-established exceptions to the general rule that a principal has the right to revoke a

power of attorney at any time. One of the exceptions is where the appointment is coupled with an interest. Another exception is where the appointment is contractual in its nature, given for a consideration, and for the protection of some one, or some interest; (3) that the appointment of the agent of appellee in Arizona was coupled with an interest and was contractual in nature. The appointment of the agent was upon consideration that appellee should have the right to carry on its business in Arizona, and was for the protection of appellant and others who should deal with appellee in the transaction of its business in Arizona.

Appellant next argues that under the Arizona Constitution and the laws of Arizona, a foreign corporation can not do business in Arizona under more favorable terms than a corporation created under the laws of Arizona. Under the circumstances of the instant case, effective service of process could be made upon a domestic corporation by service upon Arizona Corporation Commission, and, therefore, such service is good service on appellee.

ARGUMENT.

SPECIFICATION OF ERROR NO. 1. THE QUASHING OF SERVICE AND RETURN OF PROCESS UPON STATUTORY AGENT.

Appellant contends that it is the law that, after dissolution or withdrawal from doing business in the state other than the state of its creation, a corporation which has complied with the laws of such state entitling it to do business retains its corporate identity

for purposes of winding up its affairs, and that service of process may be made upon the agent who was such at time of withdrawal from the state, no officer or officers being domiciled within the state from which the corporation withdrew from the transaction of business.

Appellee complied with the laws of the State of Arizona entitling it to do business in Arizona. After doing so, appellee contracted in writing with a corporate citizen of the State of Arizona and, after breaching its said contract, attempted to avoid the service of process upon it by revoking the appointment of its Statutory Agent and by withdrawing from doing business in Arizona, with the intent and for the purpose of preventing appellant in the Courts of Arizona from recovering damages against it for its breach of said contract and the covenants and warranties therein contained.

May a foreign corporation do so? Is the revocation of the appointment of its Statutory Agent effective, it having no officer or other agent in the state upon whom process might be served? This is the first question for consideration.

Section 53-308, *Arizona Code 1939* (a copy of which appears in the Appendix to this Brief), provides, in effect, that after dissolution, a corporation may continue to act to wind up its affairs. At common law, upon the dissolution of a corporation it became dead for all purposes. Practical disadvantages of the common law rule as applied to modern conditions are so apparent as to require no argument, and thus the

common law has been abrogated in this respect, not only in Arizona, but in very nearly all of the states. The general rule now is that a dissolved corporation retains its identity for the purpose of winding up its business, and that it may sue and be sued is generally conceded by the overwhelming weight of authority. A very exhaustive annotation, setting out the statutes of various states, is found in 47 *A. L. R.* 1288. An examination of the statutes of the several states discloses that the Arizona statute differs from the statutes of most states in that in Arizona there is no definite period prescribed within which the winding-up process shall occur, and in that the powers of the corporation during the winding-up process are not specifically specified. In these respects the Arizona statute is very similar to the Iowa statute. Under the Iowa statute it has been uniformly held that the winding-up process contemplated by the statute includes the power to sue, or to be sued. See the early Iowa case of *Muscatine Turn Verein v. Funck,* 18 Ia. 469, and the later Iowa case of *Muscatine Western Ry Co. v. Horton,* 38 Ia. 33. In the still later Iowa case of *Wisconsin & Arkansas Lumber Co. v. Cable,* 159 Ia. 81, 140 N. W. 211, action was brought against the corporation some four years after its dissolution. Please note the first Iowa case cited. In this case service of process was had upon the officers upon whom service could have been made, had the corporation not been dissolved, and such service in each case was held to be good service.

In 16 *Fletcher Cyclopedia Corporations* 936, paragraph 8170, appears the statement:

> "Under a statutory extension of life of a dissolved corporation it may exercise the powers enumerated in the act, or which are reasonably incidental to the purpose of the extension, namely, to wind up the corporation and liquidate its affairs. The power to sue and to be sued is quite generally included * * *."

In the case of *Miller Rubber Co. v. Peggs,* 60 Ariz. 157, 132 P. (2d) 439, the Supreme Court of Arizona holds that a Delaware corporation may bring suit in Arizona after its dissolution under the powers conferred upon it by the statutes of Delaware. The Court applied the rule that the power of a corporation to sue after its dissolution depends upon the laws of the state of its incorporation. By implication, this decision holds that like power exists under the Arizona statute. The above-quoted statement from Fletcher Cyclopedia Corporations is quoted with approval.

See the following statement in 16 *Fletcher Cyclopedia Corporations* 894, paragraph 8145:

> "If the existence of a corporation is continued by statute for a definite or indefinite time, for the purpose of winding up its affairs, and there is no statute making its officers its statutory trustees, and no liquidator or receiver has been appointed, actions by or against the corporation after dissolution should be brought in the name of the corporation * * *."

The Arizona statute, Section 53-308, *Arizona Code 1939,* was construed by the United States Court of

Claims in the case of *Continental Oil Co. v. United States,* 14 Fed. Sup. 533. In this case, the Continental Oil Company, an Arizona corporation, was dissolved in 1922. Some two years after its dissolution, the Commissioner of Internal Revenue mailed a thirty-day letter to the corporation, proposing the assessment of a tax deficiency. The corporation, acting through its president and secretary, signed a waiver extending the period of assessment. The assessment was sustained by the Board of Tax Appeals, and this case arose when the United States attempted to collect the tax from the successor of the Arizona corporation. The defendant contended that after the dissolution of the corporation, it ceased to exist, and that the waivers signed by its officers were wholly void. The Court cited Section 53-308, *Arizona Code 1939,* and said:

> "Under the provisions of this statute the Mutual Oil Company of Arizona continued to exist after dissolution for the specific purpose of closing up its business. To the extent necessary to accomplish that purpose, its corporate powers remained unimpaired and it could perform in the corporate name any act necessary to that end."

The Court went on to say, at page 538:

> "The Arizona statutes, unlike the statutes of most of the States in that respect, make no provisions as to who shall act for a dissolved corporation in closing up its business, and the decree of the court dissolving the Mutual Oil Company of Arizona does not designate the liquidating trustees. In this situation, the only persons who could act

> on behalf of the dissolved corporation, in closing up its business, it still being a going concern for that particular business, would be its authorized officials at the date of dissolution."

In the case last cited, the same construction is placed upon the Arizona statute as the Iowa Courts in the cases cited herein placed upon the statutes of Iowa.

The general rule is that service of process may be had upon those agents of a corporation upon whom service could have been made prior to corporate dissolution. See

19 *C.J.S.* 1567;
47 *A.L.R.* 1549;
16 *Fletcher Cyclopedia Corporations* 895, paragraph 8146.

By implication, the same rule is declared to exist by the Supreme Court of Arizona in *Southwestern Metals Co. v. Snedaker,* 59 Ariz. 374, 129 P. (2d) 314. In this case, the validity of a judgment obtained against the dissolved corporation was involved. Service was made by publication and it was contended that this did not give the Court jurisdiction, since service should have been made upon the statutory agent. The Court held that since the statutory agent had, in fact, resigned, service was properly made by publication. It appears by direct implication that if the agent had not resigned, it would have been necessary to serve him.

The same rule was enunciated by the United States Court of Claims, construing the Arizona statute in

Continental Oil Company v. United States, supra, in which the Court pointed out that where the statute is silent as to who shall act for the corporation, the authorized officials at the date of dissolution retain their authority during the winding-up process.

Clearly, appellant contends, the Arizona statute abrogating the common law rule contemplated service of process under the circumstances in the instant case. Statutes abrogating the common law are usual in these days of many domestic and foreign corporations. It is stated in 16 *Fletcher Cyclopedia Corporations* 916:

> "Statutes for winding up the affairs of dissolved corporations are embodiments of equitable doctrines and afford legal remedy where there was none. They are remedial and should receive liberal construction."

Certainly no domestic corporation can, under Arizona statutes, voluntarily dissolve without satisfying its creditors. The attempted withdrawal of appellee is the equivalent of voluntary dissolution. Appellee qualified under the laws of Arizona to build the mill for appellant, and appellee well knew a claim was pending against it for faulty construction when it withdrew from doing business in Arizona and cancelled the appointment of its statutory agent. It is abhorrent to the law and the Courts of Arizona to contend that appellee can so lightly shove aside its contractual obligations.

It is provided by Section 5 of Article 14 of the *Arizona Constitution* that:

> "No corporation organized outside of the limits of this state shall be allowed to transact business within this state on more favorable conditions than are prescribed by law for similar corporations organized under the laws of this state; and no foreign corporation shall be permitted to transact business within this state unless said foreign corporation is by the laws of the country, state, or territory under which it is formed permitted to transact a like business in such country, state, or territory."

By the great weight of authority, the general rule is that if a statute requires as a condition precedent to the doing of business in the state by a foreign corporation, it shall designate an agent in the state upon whom process may be served in actions against it, the withdrawal of the corporation from the state and the formal revocation of the authority of its agent in the state does not revoke the authority of the agent to receive service of process in an action on a liability arising in the state out of the business done by the foreign corporation therein.

Section 53-801, *Arizona Code 1939* (a copy of which appears in the appendix to this brief) sets forth the requirements that a foreign corporation must meet to be qualified and licensed to do business in Arizona, and, among these, is, "appoint in writing, over the hand of its president or other chief officer, attested by its secretary, a statutory agent in each county in this state in which such corporation proposes to carry on any business as required of domestic corporations."

The West Virginia case of *Frazier v. Steel & Tube Co.,* decided April 6, 1926, reported in 132 S. E. 723 and in 45 A.L.R., 1442, squarely supports the above statement of the general rule and the position of appellant on this appeal. In the opinion the leading cases are cited and discussed. We refrain from quoting from the decision because it is in itself a brief upon this subject, and the reading of the opinion is suggested. On this subject there appears following this case an annotation at pages 1447 to 1456 under the title, "Cessation by Foreign Corporation of Business Within State as Affecting Designation of Agent for Service of Process." See also *A.L.R. Blue Book of Supplemental Decisions,* Permanent Volume, and 1947 Second Issue for cases arising since the annotation in 45 A.L.R. above referred to.

No doubt, the above West Virginia case and the annotations referred to will convince the Court that the position of appellant is sound.

SPECIFICATION OF ERROR NO. 2. THE QUASHING OF SERVICE AND RETURN OF PROCESS UPON ARIZONA CORPORATION COMMISSION.

Service of process may be made upon a foreign corporation that has qualified to do business in Arizona after its withdrawal of doing business in Arizona and after it has revoked the appointment of its statutory agent in Arizona by service upon the Arizona Corporation Commission, in an action involving acts of business transacted in the state be-

fore withdrawal, under the Constitution of Arizona and statutory enactments.

It is provided by Section 5 of Article 14 of the Constitution of Arizona (quoted in full in this brief, supra), in substance, that a foreign corporation cannot do business in Arizona upon more favorable conditions than are prescribed by law for similar corporations organized under the laws of the State of Arizona.

It is provided by Section 53-804, *Arizona Code 1939* (copied in full in the appendix to this brief) in substance, that a foreign corporation, upon complying with the provisions of the Arizona laws shall "have and enjoy the same rights and privileges held and enjoyed by a like domestic corporation."

Section 21-314, *Arizona Code 1939* (quoted in full in the appendix to this brief) provides that "when a domestic corporation does not have an officer or agent in this sttae upon whom legal service of process can be made, summons may be served upon such corporation by depositing two (2) copies thereof in the office of the Corporation Commission, which shall be deemed personal service upon such corporation."

If the officers of an Arizona domestic corporation were to revoke the appointment of its statutory agent, and upon doing so, each officer of said domestic corporation upon whom process might be served removed himself from the State of Arizona, certainly process on the domestic corporation could be had by serving the Arizona Corporation Commission in an action

like the instant case. Since an Arizona domestic corporation could be so served under the above constitutional and statutory provisions, appellee was subject to such service.

In the West Virginia case of *Frazier v. Steel & Tube Co.,* supra, this second basis of service is considered, and appellant's position sustained. We quote from the opinion:

> "Upon complying with certain conditions, they are granted the same rights, powers and privileges and subjected to the same regulations, restrictions and liabilities that are conferred and imposed on corporations chartered under the laws of this state."

CONCLUSION.

We, therefore, earnestly urge and respectfully submit that the orders quashing service and return of process should be vacated and set aside, and the service of process upon appellee declared good and valid service.

Respectfully submitted,
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(Appendix Follows.)

Appendix.

Appendix

Section 53-308, *Arizona Code 1939.* "May wind up business.

Corporations whose charters have expired, or which have been dissolved by the voluntary act of the stockholders, may continue to act for the purpose of winding up their affairs."

Section 53-801, *Arizona Code 1939.* "Requirements to do business in this state—corporations excepted.

Any foreign corporation, before entering upon, doing, or transacting any business, enterprise, or occupation, in this state shall:

File a certified and authenticated copy of its articles of incorporation or charter with the corporation commission of this state;

Publish its articles of incorporation and file affidavit thereof as required of domestic corporations;

Appoint in writing, over the hand of its president or other chief officer, attested by its secretary, a statutory agent in each county in this state in which such corporation proposes to carry on any business as required of domestic corporations;

Pay a license fee of fifteen dollars ($15.00) to the corporation commission, and obtain from said cor-

poration commission a license to do business in this state.

This section, however, shall not apply to insurance corporations, nor to any foreign corporation, the only business transaction of which, within the state, shall be the loaning of funds to religious, social or benevolent associations, or corporations organized for purposes other than profit."

Section 53-804, *Arizona Code 1939*. "Rights upon compliance.

Upon complying with the provisions of this article any foreign corporation shall have and enjoy the same rights and privileges held and enjoyed by a like domestic corporation. No alien corporation hereafter shall ever own or hold any land within the state of Arizona. No foreign corporation shall hereafter be appointed to act as executor, administrator, trustee, guardian of the estate of a minor or incompetent person, or in any other fiduciary capacity except in the capacity of testamentary trustees."

Section 21-314, *Arizona Code 1939*. "Service on domestic corporation having no agent.

When a domestic corporation does not have an officer or agent in this state upon whom legal service of process can be made, summons may be served upon such corporation by depositing two (2) copies

thereof in the office of the corporation commission which shall be deemed personal service on such corporation. The return of the sheriff of the county in which the action or proceeding is brought that after diligent search or inquiry he has been unable to find any officer or agent of such corporation upon whom process may be served, shall be *prima facie* evidence that such corporation does not have such an officer or agent in this state. The corporation commission shall file one of said copies in its office and immediately mail the other copy, postage prepaid, to the office of the corporation, or to the president, secretary, or any director or officer of such corporation as may appear or be ascertained by the corporation commission from the articles of incorporation or other papers on file in its office, or otherwise."

Section 5, Article 14, *Constitution of Arizona.*

"Foreign Corporations.

No corporation organized outside of the limits of this state shall be allowed to transact business within this state on more favorable conditions than are prescribed by law for similar corporations organized under the laws of this state; and no foreign corporation shall be permitted to transact business within this state unless said foreign corporation is by the laws of the country, state, or territory under which it is formed permitted to transact a like business in such country, state, or territory."